USDA Foreign Agricultural Service
GAIN Report
Global Agriculture Information Network

Template Version 2.09

Voluntary Report - public distribution

Date: 8/3/2005

GAIN Report Number: KS5038

Korea, Republic of

Wine

Wine Market Brief

2005

Approved by:
Ms. Susan B. Phillips
Agricultural Affairs Office

Prepared by:
Mr. Sangyong Oh

Report Highlights:
Wine imports for the first half of 2005 saw a healthy growth of 19 percent, indicating a new annual high, well surpassing the previous record of $58 million in 2004. However, the explosive import growth of Chilean product has taken a serious toll on U.S. and French products, resulting in stagnant import growth for both countries. While the Korean market presents growing opportunities to U.S. suppliers, competition from both old and new world exporters is expected to also rise.

Includes PSD Changes: No
Includes Trade Matrix: No
Unscheduled Report
Seoul ATO [KS2]
[KS]

SECTION I. MARKET OVERVIEW

Summary

Overall wine imports continued showing robust growth through 2004 and the first half of 2005, 26.6 percent and 19.1 percent in value respectively, and is expected to set a new annual high in 2005, surpassing the former record of $58 million set in 2004. The rapid growth of wine consumption is mainly fueled by an increased emphasis on a well-being lifestyle among the general public.

Imports from the U.S. grew only 5.2 percent in value in the first half of 2005 mainly due to the explosive growth of Chilean and Australian imports, as local consumers are becoming more value conscious. As a result, the U.S. fell in ranking to the third largest exporter of wine to Korea, for the first time in history, with a 13.4 percent market share. Despite this sudden turn of fate, U.S. wines are expected to remain one of the top choices of local wine drinkers, as they are firmly positioned in the market as products of good value and unique quality. The close political and economic ties between the two countries also contributed heavily to the popularity of U.S. products.

Since the Asian economic crisis, the Korean wine market has rebounded quickly, offering growing opportunities for imported wines at all price and quality levels. As consumers are becoming more familiar with wine and more discriminating in their tastes, the wine market is also becoming more diversified with imports of a wider variety of products. Consumers are paying more attention to new-to-market wines and willingly purchasing products from more diverse origins in an effort to expand their experience and knowledge.

U.S. wines primarily target the value-oriented segment of the market and the basic image (ripe fruit taste, good balanced flavor and vintage-free stable quality at good prices) is well accepted by local consumers. In particular, entry-class products from the U.S., which retails for below 10,000 KRW a bottle, have built a firm ground in the market due to the aggressive marketing efforts of two major Californian suppliers, E&J Gallo and Constellation. The "California label series" by Doosan Corporation, the leading local liquor import/distributor, co-packed by the Ironstone Vineyard in California, has also contributed significantly to the expansion of entry-class U.S. wines.

The premium segment of the market, products of above 50,000 KRW a bottle, is another area in which U.S. wines have shown steady success in Korea. Many affluent local wine drinkers are well traveled and are well aware of world-renowned U.S. brands. On the other hand, U.S. wines in the middle-priced segment between 10,000 up to 50,000 KRW a bottle are facing tougher competition from both old and new world competitors.

Advantages	Challenges
Korea, one of the biggest markets for alcoholic beverages, promises a huge potential for wine.	Wine is still enjoyed only by a relatively small portion of the population.
Lack of competition from local products, and no serious entry-barriers provide a positive environment for wine import/distribution businesses.	Few food traders possess commendable knowledge about wine.
Wine is firmly positioned in the market with highly publicized health benefits.	Distributors are placing high mark-ups on wine, which is partly responsible for high prices as compared to other alcoholic

	beverages.
The basic characteristics of U.S. wines are well accepted by many local consumers, especially among the younger set.	U.S. wines are likely to face tougher competition in the coming years from Chile and Australian products.
Import prices of European wines have gone up significantly in recent years due to the continuous appreciation of the Euro against the Korean won and the U.S. dollar.	Many U.S. wineries are currently not interested in exporting to Korea and local importers often find communicating directly with new-to-market U.S. wineries a difficult and complicated job.
Wine drinking has not yet achieved a place in the mainstream culture in Korea. By investing at this early stage of market development, U.S. suppliers can secure a solid image as a high quality and value product, at minimal investment.	Imported wine is subject to complex labeling and tax requirements and new-to-market products go through a complicated documentation and inspection process.

Local Production

Korean wine grape production is expected to remain negligible as it lacks competitiveness in price and quality against imports. High land prices and unfavorable weather conditions are the major impediments preventing any meaningful commercial local wine industry from evolving. A very small amount of locally grown grapes are currently used to bottle local souvenir wines or low-end products to be blended with imported bulk wine.

Instead of maintaining local vineyards, major Korean liquor companies have switched to either co-packing in the exporting countries or importing bulk wines for local bottling. Doosan Corporation Liquor BG, Jinro Ltd. and Haitai & Company Co. Ltd. are the major firms currently operating local bottling facilities under their own brands. In the first half of 2005, 12.4 percent of red and 9.6 percent of white wine (in volume) imported were products contained in a bulk package above two liters per unit, most for local bottling. Therefore, it is estimated that a little over 20 percent (in volume) of all wines sold in Korea are locally bottled imported bulk wines. Spain remains the largest supplier of bulk wine, of both white and red, to these local bottlers, while a significant amount of additional bulk wines are imported from Chile of red and Germany of white.

SECTION II. MARKET SECTOR OPPORTUNITIES AND THREATS

Consumption Patterns

Korea is one of the biggest markets for alcoholic beverages in the world. Drinking is considered an important part of everyday life and is often encouraged at social and business occasions. Although drinking is decreasing among the elderly, mainly because of health concerns, the market is getting many new drinkers from the younger generation and the female segment.

Although wine consumption has grown remarkably over the past decade since full-scale market liberalization in 1991, wine is still consumed by a very small population, mainly in urban areas, and comprises less than 2 percent of total alcoholic beverage sales in Korea. As of 2003, annual per capita wine consumption of Koreans is reported at 0.37 liters. According to a 2004 industry survey, 77 percent of all wine consumption in Korea takes place in the

Seoul metropolitan market. Korean consumers' tastes are heavily skewed to red wine due to the highly publicized health benefits of drinking red wine. Currently, red wine has over 75 percent of the market and is less likely to lose its dominant share in any near future, although an increasing number of consumers are becoming interested in whites and sparkling.

Although slowly declining in popularity, beer and Soju, a traditional local hard liquor now made from imported Tapioca, are still the alcoholic beverage of choice for most consumers. All Soju and most of the beer sold in Korea are manufactured locally and are sold at much cheaper prices than imported wines (for example, one 360 ml bottle of Soju retails for less than 50 cents). In 2004, total sales of Soju grew 3.8 percent to a record high 1,081,833 kiloliters. Beer sales also hit a record high 1,734,331 kiloliters, up 1.2 percent from the previous year. However, sales of whiskies fell to 10,220 kiloliters, which is the lowest level since 1995.

Retail Food Sector

Even though there is no official statistics available, industry analysis indicates that supermarkets currently lead the wine sales in Korea at about 55 percent of market share (on a volume basis), while on-premise channels (restaurants and food service outlets) distribute another 30 percent of the market. Specialty liquor shops and convenience stores come next with wine sales at 8 percent and 4 percent of market share respectively. In the future, it is expected that more wines will be marketed through supermarkets, including the grocery section of hypermarkets, as they are the places where the majority of Korean consumers shop for groceries nowadays.

With the rapid growth of mass retail stores across the nation, there is less room than ever before for wholesalers in wine distribution. However, wholesalers still comprise the major supply channel to suburban markets, traditional wet markets and small-scale restaurants and retail stores.

Most hypermarkets and large-scale grocery supermarkets now have a designated wine section in the store, offering wine readily accessible to everyday shoppers. A typical hypermarket store carries about 150 different varieties of wines, most of which are lower-end to middle priced products under 30,000 won or roughly $29 a bottle (W1,028 / US$ as of July 1, 2005) . Currently, no mass retail chain imports wine directly for their stores. Although far less in number than supermarkets, liquor stores, both independent or under a franchise chain, thrive in metropolitan markets, targeting serious wine consumers. Those stores located in major department stores are the biggest in size and carry about 500 different varieties of wines, most of which are middle-priced to premium products over 30,000 won a bottle. Currently, there is no license required to sell liquor products in retail stores, nor any zoning regulation that restricts the number and location of liquor-selling outlets in a given area.

Interestingly, a significant portion of wine sales occurs as gift purchasing during the holidays. Wines are also becoming more popular gift items due to the on-going "well-being" trend and are increasingly replacing the traditional gift sets of whisky or other hard liquor. It is estimated that about 30 percent of total annual wine sales occur as gift purchasing during the holidays, mainly the Korean Thanks-Giving-Day (Chu-Sok) in September, Christmas, the Lunar-New-Year in February and the Fathers/Mothers Day in May.

Food Service Sector

Demand for wine is also rising rapidly in the food service sector, as more restaurants and bars serve wine. The kind of products sold in restaurants varies widely depending on the food and target consumers of the restaurant. For example, restaurants in five star hotels mainly serve middle-priced to premium products. One noticeable trend is that an increasing number of restaurants serving traditional Korean foods serve wine. Wine bars and wine restaurants, number of which are also increasing in metropolitan areas, target serious drinkers and usually carry a much wider variety of products at various price and quality points. In general, mark-ups on wine are much higher in restaurants than in retail stores.

Competitors

France maintained her dominant grip on the market with a 36.5 percent market share in value in the first half of 2005 and remains synonymous with wine for many local consumers. However, her current market share is far below the 49.5 percent that she garnered only two years ago. French products are not as influential as they used to be in Korea and have lost a significant market share in entry and middle-priced segments of the market in recent years to value-oriented products from new world competitors, mainly the U.S., Chile and Australia. The steep appreciation of the Euro against the U.S. Dollar during the last three years, which fortunately came to a stop in 2005, further deteriorated price competitiveness of French products transacted on a Euro basis in Korea. As a response, French suppliers have shifted their primary target to the medium and premium segments of the market, which is less susceptible to price fluctuations and yields higher profit.

The strong rise of Chilean wine began in early 2004 and continued through the first half of 2005, showing strong growth of 167.8 percent and 87.1 percent in value respectively, which repositioned Chile’s rank to the second largest wine supplier to Korea with a 19.9 percent market share. The market share by Chilean wine in Korea more than tripled over the last two years. The free trade agreement (FTA) between Korea and Chile signed in late 2003 initiated this huge leap, which will remove import tariffs on all Chilean wines by 2010, thus lowering the landing price of Chilean wines into Korea by 12.5 percent eventually. Chile’s low production cost, coupled by the effect of the bilateral FTA, has been the key for Chilean products in getting superb price competitiveness against products from other countries, which results in higher margins and greater incentives to local importers and distributors to sell Chilean wines rather than other competitors’.

Although small in overall market share, products from unusual origins, including Argentina and South Africa, showed outstanding import growth through 2004 and the first half of 2005. This trend adds additional competitive pressure, while contributing to the expansion of the overall market.

Entry and Marketing Strategy

For new-to-market wineries that seek an entry into the market, the following tools are recommended:

o Exhibiting in a local trade show: Food and Hotel Korea (www.fhko.com) is the only “trade-only” food show held annually in Korea and is attended by a large number of international wine exporters. This show is officially endorsed and sponsored by FAS/USDA and has a separate U.S. pavilion. The Seoul International Wine & Spirits Show (www.swsexpo.com) is another trade show that has a strong participation by the local wine traders.

- One-on-one meetings with potential importers: Most local importers are interested in meeting new-to-market exporters in a private environment. A list of wine importers is available from the Agricultural Trade Office (ATO) of the U.S. Embassy Seoul (www.atoseoul.com / atoseoul@usda.gov). Free meeting space is also available in ATO, which is equipped with wine glasses and kitchen utensils.

- Product seminar / Winemakers' tasting: Seminars hosted by an exporter can develop good contacts with key traders and opinion leaders in the market. Assistance by a PR contractor is necessary if the exporter has no local connections. Wine21.com (www.wine21.com / wine21@wine21.com) is one of the leading PR firms available in Korea for a catered service. Hosting a seminar in conjunction with the leading local wine trade shows mentioned above is also recommended.

Export-oriented competitors are investing a significant amount of resources into marketing and promotional efforts in Korea. Competitors' major marketing tactics include: tasting seminars; invitation of wine traders and press to overseas wine exhibitions; hosting cultural events coupled with wine promotions; organizing consumer trips to wineries; exhibiting at local food shows; supporting local wine schools with free samples; and working closely with local wine experts and helping them to get educated in their countries.

Along with the outstanding growth of wine consumption, a variety of new marketing and educational businesses are actively carried out in the market, including wine schools, Internet-based wine communities, wine journals and wine exhibitions, all of which contribute to the expansion of wine consumers.

SECTION III. COSTS AND PRICES

Consumer prices for wine are quite high in Korea. A combination of import tariffs, taxes, distribution costs and mark-ups result in retail wine prices being two to four times those in the U.S.

Tariffs, Taxes and Pricing

Korea applies a complicated tariff and tax system to imported alcohol beverages. Those applied to fruit wine, including grape wine, are:
A. Tariff: 15 percent
B. Liquor Tax: 30 percent
C. Education Tax: 10 percent

Fortunately, fruit wine is subject to relatively lower import tariffs and liquor taxes compared to other imported alcohol beverages.

Table 1: Import Tariffs and Additional Taxes on Liquor Products

	Import Tariff	Liquor Tax	Education Tax
Fruit Wine	15%	30%	10%
Beer	30%	100%	30%
Whisky	20%	72%	30%

The Korean government has an official plan to adjust these discrepancies in liquor taxes on different alcohol beverages, eventually making products with higher alcohol content subject to higher liquor tax. For example, liquor tax on beer is scheduled to be lowered to 72 percent by 2007, while liquor tax on whiskies will be made higher than they are currently. However, it is not likely that the liquor tax on fruit wine will be increased, as the Korean government intends to promote the production of local fruit wines.

Following table illustrates the effects of import tariffs, taxes and distributor mark-ups on a $10 (CIF: Cost, Insurance, Freight) bottle of imported wine:

Table 2: Effects of Import Tariffs, Taxes and Distributor Mark-ups

A	CIF invoice value	$ 10.00
B	Tariff (Customs Duty): A x 15%	$ 1.50
C	Wine Liquor Tax: (A+B) x 30%	$ 3.45
D	Education Tax: C x 10%	$ 0.35
E	Subtotal: (A+B+C+D)	$ 15.30
F	Value Added Tax [I]: E x 10%	$ 1.53
G	Handling fees for customs clearance [II]: A x 8%	$ 0.80
H	Total cost of wine upon customs cleared: (E+F+G)	$17.63
I	Typical Importer Mark-ups [III]	
	1. Importer's selling price to discount store: (mark-up 30%)	$20.93
	2. Importer's selling price to supermarket/liquor store: (mark-up 40-50%)	$22.54-24.15
	3. Importer's selling price to luxury hotel: (mark-up 40%)	$22.54
	4. Importer's selling price to wholesaler: (mark-up 15-30%)	$18.52-20.93
J	Typical Retailer Mark-ups:	
	1. Discount store's selling price: (mark-up 8-20%)	$22.60-25.12
	2. Supermarket & liquor store's selling price: (mark-up 30-40%)	$29.30-33.81
	3. Luxury hotel restaurant's selling price: (mark-up 200-400%)	$67.62-112.7

* Notes:
[I] The Value Added Tax is refunded to the importer later because the tax is eventually carried over to the consumer.
[II] In addition to the tariff and taxes, additional fees of 7-8% of CIF value will occur for miscellaneous expenses, including customs clearance fee, warehousing fee, transportation fee, etc. The amount of this additional cost depends mainly on the kind of inspection the shipment is subject to. For example, the warehousing fee will increase significantly in case a detailed chemical inspection, which takes much longer than document inspection, is required.
[III] Each mark-up calculation is based on $16.10, the customs cleared cost (H: $17.63) minus the value added tax (F: $1.53).

Thus, a $10 (CIF) bottle imported wine typically retails for about $23-$25 at discount stores, $29-$34 at supermarkets/ liquor stores and $68-$113 in hotel restaurants. Overhead expense, payment conditions (i.e. cash versus 60 days credit), product turnover rate and sales volume are key factors governing the level of mark-ups taken by different retailers.

Liquor Purchase Debit Card

The Korean government introduced "Liquor Purchase Debit Card" regulation in 2001 as a safeguard against black marketing of liquor products as well as tax evasion in the supply channel. The regulation mandates that distributors and trade buyers exclusively use a registered debit card bank account when paying suppliers for alcoholic beverages including wine, which provides the government with an easy tool to track the movement of alcoholic beverages in the distribution channel.

Exchange Rate

The Korean Won continued its appreciation against the U.S. Dollar through 2004 and the first half of 2005, gaining 12.9 percent and 2.1 percent respectively, making U.S. wines more affordable to Korean importers. Meanwhile, the Korean Won also appreciated against the Euro in 2004 and the first half of 2005, 5.3 percent and 12.6 percent respectively, ending the steep rise of the Euro against the Won that had started in 2002. Local economists forecast that the Korean Won will gain additional strength against international currencies in the coming years, making prices of imported products more attractive to local consumers.

SECTION IV. MARKET ACCESS

Labeling

By law, imported wine is mandated to have a Korean language product label. In most cases, the Korean label is attached to the bottle manually by the importer in the duty-free warehouse before official inspection. The Korean language product label should contain the following information:

1. Name of the product (e.g., Robert Mondavi Cabernet Sauvignon)
2. Country of origin (e.g., U.S.A)
3. Type of the product (e.g., Fruit Wine or Red Grape Wine)
4. Importer's name, address, and phone number
5. Business license number of the importer
6. Date of bottling (e.g., Year-Month-Day or Julian Code or Lot Number)
7. Alcohol percentage and product volume (e.g., 13.5%, 750 ml)
8. Name of ingredients by volume percentage
9. Name of place where the product can be returned or exchanged in case the product has any defect.
10. Instructions for storage
11. Name of food additives used
12. Government health warning clause
13. Government warning clause against liquor sales to minors.
14. Name of distribution channel through which the product is destined to be sold (one of following three destination should be marked: "Discount Store Sale Only" or "Restaurants Sale Only" or "Sale for Home Use Only"). [I]

*Note:
[I] Added in October 2002 to prevent tax evasion from liquor sales by restaurants.

Inspections

All imported foods and beverages are subject to Ministry of Health and Welfare/Food Quarantine inspection. The Korea Food & Drug Administration (KFDA) under the ministry is responsible for executing all inspections. There are two kinds of inspections: detailed inspection (chemical analysis test) and visual inspection (eye/document inspection).

The first shipment of any new-to-market wine is always subject to a detailed chemical food safety inspection, which under Korean law should take no longer than 10 working days (but in practice it can take much longer). For this, importers are required to submit two sample bottles of each wine to the inspection office. Once the chemical inspection on the first shipment confirms no potential health concern, subsequent shipments are only subject to visual and/or document inspection, which should take no longer than 2 calendar days, on the condition that the product of subsequent shipments is identical as the first shipment in label, product name, alcohol percentage, vintage, ingredients and net volume. However, even subsequent shipments of identical products may be subject to detailed chemical inspections, as local regulation mandates that random detailed inspections be undertaken on a certain percentage of total shipments imported in a given period.

Korean labeling regulation for alcohol percentage has a +/- 0.5 percent point tolerance level for the difference between the labeled and actual alcohol content (for example, a wine labeled as 12 percent alcohol must be measured during inspection to be within 11.5 percent to 12.5 percent range), which is much tighter than the U.S. standard of 1.5 percent point tolerance level. U.S. wines labeled under the more forgiving U.S. tolerance standard may fail the Korean inspection.

Food Additives

The Korean government is paying more attention to the food additives used in imported wine. Last year, several shipments of U.S. wines failed import inspection, as they tested positive for Sorbic acid, while the additive was not listed in the ingredient list submitted by the winery. Sorbic acid is allowed in Korea to be used in fruit wine as a preservative (residue standard: below 0.2 gram / Liter), but it must be listed as an ingredient on documents provided to the inspection office.

Established importers are well aware of all inspection and labeling requirements and are the best source of up-to-date regulatory information.

Licenses

Only licensed liquor importers are allowed to import alcoholic beverages, including wine. However, an import license is available to any qualified candidate. There are over 300 licensed liquor importers and the number is likely to increase steadily in the coming years, as more people become interested in the wine business. However, only about 30 licensed importers currently import wine products on a regular basis. All the more, only a handful of top importers govern over 80 percent of total imports. Importers are allowed to supply directly to retailers (restaurants and liquor stores) as well as to wholesalers. However, importers are not allowed to sell directly to consumers nor can they purchase wine from other importers or wholesalers. Established importers tend to prefer handling warehousing and product delivery with their own logistics force, while small or new companies mainly rely on third-party logistical service providers. A few importers also operate a chain of retail outlets under a separate retail license through sister companies in order to gain additional business volume and directly reach consumers. On-line or mail sales of liquor products is prohibited in Korea.

SECTION V. KEY CONTACTS AND FURTHER INFORMATION

? Please contact ATO Seoul directly for questions, importers list and information on market promotion opportunities.

U.S. Agricultural Trade Office
American Embassy Seoul, Unit #15550-ATO, APO AP 96205-5550
Tel: 82-2-397-4188
Fax: 82-2-720-7921

E-mail: Atoseoul@usda.gov
Internet: www.atoseoul.com

? California Wine Institute (CWI) now has a local Korean contractor who works on a part-time basis for CWI marketing programs that target the Korean market.

Ms. Lan Sohn, Representative
Sohn's Market Makers
Tel: 82-2-543-9380
Fax: 82-2-543-0944
E-mail: info@sohnmm.com

? A list of U.S. wines currently imported into Korea as of December 2004 is available in the ATO Seoul Internet website (http://www.atoseoul.com/Korean/wineguidebook/index.htm).

? The United States Department of Agriculture's Foreign Agricultural Service (USDA/FAS) offers information and services that can be beneficial to both new and experienced exporters. For example, the U.S. Suppliers Service is a searchable database of over 5,000 U.S. exporters and their products, which is used by USDA/FAS to help facilitate connecting potential buyers with U.S. suppliers. This database is used by more than 85 USDA FAS Overseas offices, such as the ATO in Seoul, Korea to help export agents, trading companies, importers and foreign market buyers locate U.S. suppliers. It is also used to recruit U.S. exporters to participate in market development activities sponsored by USDA and federal export programs.

You can register online for this service at http://www.fas.usda.gov/agexport/exporter.html

For more information, please contact: AgConnections Team
AgExport Services Division, Foreign Agricultural Service, Washington, DC
Phone: 202-690-4172
Fax: 202-205-2963
E-mail: joyce.estep@fas.usda.gov
Website: www.fas.usda.gov/agx/agx.html

APPENDIX I: Wine Import Statistics

Table 1: Korea Annual Wine Imports

Year	Value [I]	Growth %	Volume [II]	Growth %
1992	5,644	65.3	2,109,570	68.9%
1993	5,855	3.7	3,233,975	53.3%
1994	8,104	38.4	4,225,764	30.7%
1995	13,633	68.2	6,181,234	46.3%
1996	16,406	20.3	5,852,665	-5.3%
1997	22,809	39	9,390,449	60.4%
1998	6,491	-71.5	2,558,561	-72.8%
1999	15,122	133	5,766,043	125.4%
2000	19,802	31	8,052,562	39.7%
2001	23,109	16.7	8,861,609	10.0%
2002	29,432	27.4	11,522,387	30.0%
2003	45,783	55.6	13,979,720	21.3%
2004	57,979	26.6	15,897,748	13.7%
2005 [III]	31,870	19.1	9,163,649	21.0%

*Notes:
Source: KOTIS (Korean government import statistics)
[I] Unit: $1,000 US dollar, CIF value
[II] Unit: Kg
[III] Through June 2005

Table 2. Korea Annual Wine Import Broken down by Country and Product Category

		2002		2003		2004		2005 [III]	
Country	Category	Value [I]	Volume [II]	Value	Volume	Value	Volume	Value	Volume
France	Red in Bottle [IV]	12,181	3,008,256	18,028	3,304,103	21,289	3,374,943	9,247	1,478,063
	Red Bulk [V]	303	274,795	442	228,612	266	103,422	1	127
	White in Bottle	2,237	773,912	2,980	760,573	3,092	839,283	1,477	373,800
	White Bulk	7	1,522	12	5,736	6	3,001	0	0
	Sparkling	1,150	240,962	1,090	167,000	1,623	179,095	832	68,030
	Others in Bottle	425	77,238	76	30,630	57	12,508	62	19,258
	Others in Bulk	25	2,417	57	14,057	16	1,075	7	92
	Total	16,328	4,379,102	22,685	4,510,711	26,349	4,513,327	11,626	1,939,370
Chile	Red in Bottle	895	192,033	2,366	501,702	6,810	1,540,886	5,391	1,208,586
	Red Bulk	31	47,964	122	200,428	220	287,756	469	390,000
	White in Bottle	191	49,955	358	95,033	699	182,944	415	114,231
	White Bulk	0	0	12	19,000	142	236,466	0	45

	Sparkling	7	1,184	22	3,428	19	3,816	13	945
	Others in Bottle	59	25,300	109	28,654	104	26,341	45	9,750
	Others in Bulk	22	5,191	1	75	14	3,216	0	0
	Total	1,205	321,627	2,990	848,320	8,008	2,281,425	6,333	1,723,557
U.S.	Red in Bottle	3,027	995,368	5,567	2,294,258	6,680	2,806,425	3,469	1,365,790
	Red Bulk	45	51,557	32	24,131	5	860	16	2,842
	White in Bottle	1,163	404,458	1,516	645,761	1,378	654,053	737	317,896
	White Bulk	54	66,445	35	31,920	3	414	1	112
	Sparkling	26	6,463	4	1,866	5	1,011	0	0
	Others in Bottle	49	11,989	21	1,611	20	1,599	23	5,156
	Others in Bulk	5	730	18	1,114	45	2,101	11	409
	Total	4,369	1,537,010	7,193	3,000,661	8,136	3,466,463	4,257	1,692,205
Italy	Red in Bottle	1,694	482,679	3,078	673,018	3,500	698,852	2,185	429,948
	Red Bulk	3	1,681	136	40,509	26	5,473	8	3,373
	White in Bottle	527	274,584	791	303,375	978	283,537	517	128,969
	White Bulk	5	2,322	103	32,008	0	100	9	5,860
	Sparkling	22	5,252	57	11,416	93	16,889	90	18,690
	Others in Bottle	5	1,373	21	494	56	19,902	8	549
	Others in Bulk	2	440	1	233	55	28,115	1	174
	Total	2,258	768,331	4,187	1,061,053	4,708	1,052,868	2,818	587,563
Australia	Red in Bottle	918	270,080	2,323	606,957	3,038	819,879	1,948	407,598
	Red Bulk	45	39,758	74	55,472	153	125,594	155	130,768
	White in Bottle	370	162,970	696	247,370	707	253,570	383	98,039
	White Bulk	81	79,580	77	61,120	99	73,580	69	53,600
	Sparkling	5	1,574	43	16,886	22	4,800	12	1,814
	Others in Bottle	2	326	10	743	5	292	18	4,590
	Others in Bulk	10	1,607	11	1,398	12	792	6	1,083
	Total	1,431	555,895	3,234	989,946	4,036	1,278,507	2,591	697,492
Spain	Red in Bottle	296	151,151	559	290,141	1,074	488,367	596	324,467
	Red Bulk	405	690,991	461	696,980	514	674,790	319	455,937
	White in Bottle	121	141,963	162	139,195	175	171,375	116	94,222
	White Bulk	775	1,835,321	686	1,077,425	430	708,246	455	677,695
	Sparkling	156	60,901	189	55,113	112	31,580	17	2,719
	Others in Bottle	4	3,150	53	13,858	5	1,450	0	0
	Others in Bulk	23	34,598	1	41	15	5,496	1	252
	Total	1,780	2,918,075	2,111	2,272,753	2,325	2,081,304	1,504	1,555,292
Germany	Red in Bottle	106	52,859	398	146,417	740	173,069	291	79,380
	Red Bulk	1	45	1	89	0	6	0	0
	White in Bottle	1,093	519,090	1,493	559,620	1,642	536,354	676	222,751
	White Bulk	195	191,410	293	240,378	100	71,728	202	144,196

	Sparkling	12	3,570	42	17,057	13	3,168	4	297
	Others in Bottle	7	2,500	0	56	15	3,631	12	3,754
	Others in Bulk	2	399	1	382	4	378	1	102
	Total	1,416	769,873	2,228	963,999	2,514	788,334	1,186	450,480
Others	Red in Bottle	223	65,856	639	151,199	1,091	244,634	703	210,639
	Red Bulk	27	45,131	14	4,097	68	43,031	215	155,959
	White in Bottle	222	85,143	387	119,632	585	121,098	556	134,365
	White Bulk	42	41,262	21	23,664	2	1,410	1	102
	Sparkling	13	6,445	19	2,547	42	6,665	6	1,730
	Others in Bottle	106	24,079	47	4,319	60	11,096	43	8,081
	Others in Bulk	11	4,378	28	26,814	56	7,586	31	6,814
	Total	644	272,294	1,155	332,272	1,904	435,520	1,555	517,690
Grand Total	Red in Bottle	19,340	5,218,282	32,958	7,967,795	44,222	10,147,055	23,830	5,504,471
	Red Bulk	860	1,151,922	1,282	1,250,318	1,252	1,240,932	1,183	1,139,006
	White in Bottle	5,924	2,412,075	8,383	2,870,559	9,256	3,042,214	4,877	1,484,273
	White Bulk	1,159	2,217,862	1,239	1,491,251	782	1,094,945	737	881,610
	Sparkling	1,391	326,351	1,466	275,313	1,929	247,024	974	94,225
	Others in Bottle	657	145,955	337	80,365	322	76,819	211	51,138
	Others in Bulk	100	49,760	118	44,114	217	48,759	58	8,926
	Grand Total	29,431	11,522,207	45,783	13,979,715	57,980	15,897,748	31,870	9,163,649

* Notes:
Source: KOTIS (Korean government import statistics)
[I] Unit: $1,000 US Dollar, CIF value
[II] Unit: Kg
[III] Through June 2005
[IV] Products contained in 2 Liter or less unit package
[V] Products contained in over 2 Liter unit package

APPENDIX II: Retail Wine Price Survey

Below is a list of retail prices of wines developed from a market survey carried out in July 2005.

Table 3: Retail Wine Price Survey

Country	Product Name [I]	Retail Price [II]
U.S.	E&J Gallo Carlo Rossi CA White	5,480
	E&J Gallo Carlo Rossi CA Red	5,480
	E&J Gallo Sonoma C/S [III] ‘00	34,089
	Columbia Crest Two Vines C/S ‘01	16,800
	Beringer White Zinfandel ‘03	14,289
	Beringer Stone Cellar C/S ‘02	20,500
	Beringer Founders Estate C/S ‘02	50,000
	Kendall Jackson Vintners Reserve Chardonnay ‘03	34,089 - 39,400
	Kendall Jackson Vintners Reserve C/S ‘01	32,439 - 39,400
	R. Mondavi Woodbridge C/S ‘02	28,000
	R. Mondavi Private Selection C/S ‘02	36,289 - 48,000
	R. Mondavi Napa Valley C/S ‘02	63,690 - 78,000
	Jordan C/S ‘01	75,790 - 96,000
	Jordan Chardonnay ’00	52,789 - 61,500
	Opus One ‘00	373,890
France	Baron du Val Table White (a case of 6 bottles)	25,190
	Baron du Val Table Red (a case of 6 bottles)	25,190
	Barton & Guestier Bordeaux ‘02	17,039
	Barton & Guestier Medoc ‘02	19,789 - 21,800
	Barton & Guestier Margaux ‘01	39,200
	Chateau Citran Haut-Medoc ‘01	42,889
	Chateau Les Hauts de Pontet 1997	60,000
	Chateau Pontet Canet 1997	95,590
	Chateau Lynch Bages 1997	112,090
	Chateau Margaux ‘01	613,000
	Chateau Latour ‘01	613,000
	Chateau Haut-Brion ‘01	362,890 - 598,000
	Chateau Mouton-Rothschild ‘01	340,890 - 598,000
	Chateau Lafite-Rothschild ‘01	598,000
	Chateau Petrus ‘01	1,729,000
	Louis Jadot Bourgogne Chardonnay ‘02	25,400
	Louis Jadot Chablis ‘02	39,900
	Faiveley Mercurey 1er Cru ‘00	63,000
	Louis Latour Mersault 1er Cru 1997	101,900
	Louis Latour Corton-Charlemagne 1998	219,000
	Moet & Chandon Champagne	53,889
	Don Perignon Champagne	136,290

Chile	Concha y Toro Frontera C/S	9,800
	Casillero del Diablo C/S '03	17,500 - 20,000
	Casillero del Diablo Chardonnay '03	17,500
	Carmen Reserve C/S '03	24,200
	Carmen Reserve Merlot '03	24,200
	Montes Alpha C/S '02	37,389
	San Pedro 1865 Carmenere '01	41,789
	Concha Y Toro Almaviva '01	136,290
Australia	Hardys Shiraz '04	8,590
	Hardys Chardonnay 5L Box	40,689
	Hardys C/S 5L Box	40,689
	Yellow Tail Shiraz '03	13,900
	Yellow Tail Chardonnay '04	13,900
	Penfolds Rawson's Retreat Shiraz-Cab '03	20,700
	Penfolds Rawson's Retreat Chardonnay '02	20,700
	Penfolds Koonunga Hill Shiraz-Cab '02	30,000
	Penfolds Koonunga Hill Chardonnay '02	30,000
Italy	Danzante Sangiovese '02	18,689
	Villa Antinori Toscana '01	37,389
	Castello D'albola Chianti Classico 1999	25,289 - 42,500
	Balbi Soprani Barolo 1999	575,190
	Antinori Tignanello '00	145,000
Korea	Haitai & Company Red 700 ml (locally bottled imported bulk wine)	3,540
	Jinro Ltd. Red 500 ml (locally bottled imported bulk wine)	1,360

*Notes:

[I] Unless marked otherwise, surveyed price is for one 750 ml bottle.

[II] Prices were surveyed from three different retail stores in Seoul during July 2005 (one department store, one hypermarket and one membership discount store). Units are Korean Won ($1 = W1,028 as of July 1, 2005).

[III] Cabernet Sauvignon